SEC secures conviction for One Dream officers

THE SECURITIES and Exchange Commission (SEC) said that the Batangas Regional Trial Court sentenced seven officers of One Dream Global Marketing, Inc. who were involved in alleged investment scams.

The court ordered the seven to pay fines totaling P2.8 million and serve up to 20 years of jail time each, as stated in the SEC press release on Tuesday.

The SEC cited a decision dated July 14 by the Batangas City Regional Trial Court Branch 2, which found officers of the Lipa, Batangas-based One Dream guilty of violating Sections 26.1 and 28.1 of the Securities Regulation Code (SRC).

It identified them as Arnel Gacer, Jobelle De Guzman, Judith Itoh, Marlon De Guzman, Louie De Guzman, Belinda De Guzman, and Jun De Guzman.

Section 26.1 provides that it is unlawful for any person, directly or indirectly, in connection with the purchase or sale of any securities to employ any device, scheme, or artifice to defraud.

Section 28.1 says no person should engage in the business of buying or selling securities in the Philippines as a broker or dealer, or act as a salesman, or an associated person of any broker or dealer unless registered as such with the commission.

The commission also said that the court issued an alias warrant of arrest against some of the accused who remain at large.

The cases are said to stem from complaints filed by nine investors against One Dream for syndicated estafa with the Department of Justice on July 21, 2015, while two other investors filed complaints against the group with the SEC Enforcement and Investor Protection Department on Aug. 3, 2015.

"The complainant-investors accused the officers of One Dream of offering investments worth P888, with the promise of a P1,300 payout after four days, excluding a 10% tax. Investors were allowed to pay for up to 31 slots, or a total of P27,528, in exchange for P39,022.80 after four days. The group also supposedly promised freebies and a commission of P44 for every referral," the SEC said. — **Justine Irish DP. Tabile**

FULL STORY
Read the full story by scanning the QR code or by typing the link
<https://bit.ly/3OAB2U4>

DoE's Lotilla outlines priorities; renewables and nuclear in focus

THE PHILIPPINES needs to diversify its sources of energy for the security of supply, the Energy chief said on Tuesday, as he outlined the administration's priorities to include developing indigenous sources and possibly adopting nuclear energy.

"For power, this will include the 28,000 gigawatts of offshore wind which can be mobilized by 2030," Department of Energy (DoE) Secretary Raphael P.M. Lotilla said in a briefing led by the country's economic managers after the President's State of the Nation Address (SONA) on Monday.

He also said that to achieve energy diversification, new technologies and nuclear solutions could be utilized to partly address energy supply issues.

"100% of our fuel requirements are imported. In the power sector, 45% of our plants use coal for fuel and 80% of that coal is imported. Another 11.8% of the fuel for power is oil-based," said Mr. Lotilla, who gave his comments by phone in the event shown by state media.

"These show our country's vulnerability to volatilities in global prices," he said.

Mario C. Marasigan, director of the DoE's Electric Power Industry Management Bureau, said during the briefing that while the country has a sufficient supply of liquid fuel and electricity, the cost is dictated by imported fuel.

Mr. Lotilla said that he had been instructed by President Ferdinand R. Marcos, Jr. that top priority should be given to addressing uncertainties regarding investment incentives to the upstream sector, especially natural gas.

He said one of these is the interpretation of Presidential Decree (PD) 87, which was issued to revamp petroleum legislation by introducing the service contracting system.

"PD 87 allowing the service contractor's corporate taxes to form part of the government's 60% net share has hindered investments and roll out in this sector. The DoE will be submitting a clear articulation of that policy. We will seek legislative articulation of that policy," Mr. Lotilla said.

He also said that his department would pursue the electrification targets for households nationwide.

"There are still more than a million unserved households in the country, with more than 800,000 in Mindanao," he said.

In Mr. Marcos' SONA, he said that it is time to re-examine nuclear energy to attract more investors and ensure enough power supply. He said that cheap and reliable energy is a requirement for economic growth as it is related to the ease of doing business.

"There is some room to expand our present power supply through existing power sources, but this is only to a very limited extent. We must build new power plants. We must take advantage of all the best technology that is now available, especially in the areas of renewable energy," he added.

Philippine Nuclear Research Institute Director Carlo A. Arcilla told *Businessworld* through Viber that adopting nuclear energy is feasible as long as there is political will.

Meanwhile, several energy companies and environmental groups were divided on the government's energy agenda.

Philippine Energy Efficiency Alliance (PE2) President Alexander D. Ablaza said that energy efficiency should be planned as a primary resource when determining additional capacity requirements in the 2040 energy mix.

In a statement released by PE2, it said that Mr. Marcos' push for a closer linkage between the energy sector and the country's climate agreement compliance is a welcome policy statement.

It said that the President in his address sought "several reforms in the energy sector targeted toward increasing generation capacities, decarbonizing the supply-side of the power industry, while reducing energy prices."

"What the energy efficiency industry was hoping to hear from his address however was the explicit scale-up of energy efficiency interventions as a cost-effective solution to support the energy security and decarbonization objectives of the Philippines," it said.

Alternergy Holdings Corp. led by Energy chief Vicente S. Pérez, Jr. backed Mr. Marcos' call to improve the mix of energy supply between traditional and renewable sources.

"This is a strong statement and sets a clear direction for the energy industry to rally behind [Mr. Marcos'] call to build new power plants and with the use of renewable energy," Mr. Perez said, noting that Alternergy and its subsidiaries plan to bring some 1,245 MW of new renewable energy capacity in the next five years.

On the other hand, Greenpeace campaigner Khevin Yu described the government's call to include nuclear in the country's energy mix as a "dangerous" proposition.

Mr. Yu said that housing a nuclear plant in the Philippines is like building a ticking bomb because the country is often devastated by typhoons and earthquakes.

"Nuclear and fossil gas should be out of the picture today; it's hypocritical to talk about addressing the climate crisis while prioritizing dangerous energy sources. If the President is sincere about acting on the environment and climate, he should head straight for genuine renewable energy — and stop promoting nuclear and fossil gas," Greenpeace said in a press release. — **Ashley Erika O. Jose**

ACEN divests its last coal-fired power plant

ACEN Corp. is divesting all shares in the remaining coal-fired power plant in its portfolio in a deal valued at P3.7 billion, which it will, in turn, invest in renewable energy projects, the Ayala-led company said on Tuesday.

"This pioneering deal will allow the early retirement and transition of our coal plant to cleaner technology," ACEN President and Chief Executive Officer Eric T. Francia said in a media release.

He said he hopes that the move will generate "some momentum" for the energy transition in the region and help towards achieving net-zero, referring to the target of reducing greenhouse gas emissions.

The divestment in subsidiary South Luzon Thermal Energy Corp. (SLTEC), which has a 244-megawatt (MW) coal plant in Calaca, Batangas, is through energy transition financing.

The shares will be acquired by ETM Philippines Holdings, Inc. (EPHI) and The Insular Life Assurance Co., Ltd. (InLife). The deal is subject to regulatory approval.

ACEN described EPHI as a special purpose vehicle that "allows financial investors to invest in energy transition by accelerating the retirement of coal-fired power plants, and to fund the development of new clean energy technologies."

It said the transaction will serve as a pioneering local energy transition financing, taking off from the principles of the energy transition mechanism piloted by the Asian Development Bank.

ACEN said it had approved the provision of bridge financing to EPHI to facilitate its investment in SLTEC while providing prospective investors a vehicle to participate in energy transition.

It quoted InLife President and CEO Raoul E. Littaua as saying: "As a Filipino company with more than 100 years of service and commitment to the nation, we welcome the opportunity to participate in this pioneering deal to promote a sustainable environment for the country's future."

In November last year, ACEN and its parent firm Ayala Corp. announced their commitment to net-zero greenhouse gas emissions by 2050.

ACEN, which aims to be the largest listed renewables platform in Southeast Asia, has around 3,900 MW of attributable capacity in the Philippines, Vietnam, Indonesia, India, and Australia. Its renewable share of capacity is at 87%, which it said is among the highest in the region.

On Tuesday, its shares finished higher by 1.47% or P0.12 to close at P8.30 apiece. — **VVS**

Phoenix intensifies digital thrusts, business innovations

Two years into the pandemic, e-commerce has been on the rise and almost all businesses have pivoted to strengthen their digital thrusts

In the case of Phoenix Petroleum Philippines, the country's third-largest independent oil company is unstoppable with its thrusts into digital through its LIMITLESS app, and its recent partnership with e-Tap Solutions, Inc. that strengthen its digital payment solutions in its outlets and widen its customer touchpoints. The strategic partnership with e-Tap provides customers access to a wide range of options, including self-service payment machines across its retail sites and stores nationwide.

Strong digital partnerships

Phoenix Petroleum and e-Tap Solutions will install new machines at 70 FamilyMart stores and Phoenix Stations this year. This further provides convenience to consumers as Phoenix continues to make its sites one-stop-shop destinations for varying needs — these include bill payments, e-money top-up, and prepaid loading.

Meanwhile, Phoenix's LIMITLESS app enables consumers to purchase products and avail of services in any participating Phoenix Gas station, FamilyMart Stores, Phoenix Super LPG Hub, and Autoworx Plus branches and other merchant partners nationwide. But that's not all because altogether, its services let them earn rewards, discounts, and more importantly, donate to communities using their earned points.

Donating via the LIMITLESS app is also made possible by a recently inked agreement between Phoenix and ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI). Through this, members can use their points to contribute to the causes of ALKFI, such as child welfare (Bantay Bata 163), environment protection (Bantay Kalikasan), disaster risk reduction and relief operations (Sagip Kapamilya), education (Programa Genio), and community development empowerment (Integrated Area Development).

"We are glad to be a part of this endeavor so that our customers do not only earn rewards from transactions with our brands, they can also extend help to those in need, which is very much aligned with our vision," said Phoenix Petroleum Senior Vice-President Atty. Raymond Zorrilla. LIMITLESS and Phoenix have worked together to help different communities. In the aftermath of Typhoon Odette, Phoenix fuel vouchers were donated via LIMITLESS to various beneficiaries, aiding rescue and recovery operations.

Phoenix's LIMITLESS App offers discounts, rewards, and many more

Capturing domestic market in LPG sales

Apart from its digital thrusts, Phoenix has seen an upturn in its LPG business expanding its domestic market in Luzon, and boosted sales in its canister SKU in VisMin. This favorable condition in Phoenix's operations has propelled the company towards improving its financial structure. The company says the growth in the domestic business-to-business (B2B) segment, and overseas trading business, complemented by prudent resource management have brought improved operating earnings performance driving their momentum across their businesses. Its sales volumes for retail and commercial sales have grown even amid the health crisis. Its earnings before interest, taxes, depreciation, and amortization (EBITDA) registered 41% increase to Php3.5 billion largely attributed to consistent volume growth of commercial and overseas, solid LPG performance and recovering retail volume. Moreover, Phoenix continues its focus on its deleveraging strategy for improved business structure and performance.

Apart from a growing portfolio, Phoenix's solid business in LPG has doubled in the last five years underpinned by the company's expansion in Luzon, which reportedly accounts for 32% of the total volume from a mere 5% since Phoenix acquired the LPG business. The expansion into new markets and product innovation, alongside strong business fundamentals, contributed to the notable growth of LPG doubling its market share to 8% in less than five years.

Phoenix Petroleum Philippines President Henry Fadullon attributes the higher volume growth and "trend of delivering healthy EBITDA with their commitment to prudent management of resources and their ongoing momentum across their diversified portfolio that is seeing strong support from customers and partners."

Boosting market innovations

Phoenix's growth is further strengthened by its digital presence, diversified revenue streams with new B2B markets, and new station format with the Phoenix Block launched in 2021. More than just fuel, the Phoenix Block located at Sucat Skyway, is a multi-purpose retail compound that features a Phoenix gas station, a FamilyMart convenience store, a Phoenix SUPER LPG Hub, an Autoworx Plus automotive care shop, Limitless digital transactions, bills payment, and a fast-food counter.

Despite the pandemic last year, Phoenix also opened its very first station along the North Luzon Expressway in December as part of the NLEX Drive&Dine. Phoenix also expanded its FamilyMart network of convenience retailing with additional locations in Baguio City, Cebu City and its newest stores in Davao in 2021.

Earlier, Phoenix opened three new stations in Metro Manila: Phoenix Harvard in EDSA cor. Harvard St., Makati City; Phoenix Pioneer in Shaw Blvd. cor. Pioneer St., Pasig City; and Phoenix Super8 in Ortigas Extension, Pasig City.

Taking on this momentum, continuing economic recovery and resilient business, complemented by its widening digital touchpoints to its markets are helping the company deliver further growth and value for its customers. Its extensive portfolio and diverse offering and cohesive selection of brands complement a full lifestyle that address the needs of motorists and more communities — making Phoenix an indispensable partner to Filipinos.

THE PHILIPPINE STAR/MICHAEL VARCAS

THE Ortigas Business District seen from Antipolo, May 13, 2021.

Rate hike,
from S1/1

"My guess is you can rule out zero or 75 bps," he said.

"What we don't want is the high inflation creating momentum. Wage adjustment, fare adjustment... or what we call second-order effects. That is what monetary policy is looking at. Of course, we have to balance, if we raise too much the economy weakens."

Inflation rose by 6.1% year on year in June, the fastest in nearly four years and exceeded the central bank's 2-4% target band for a third straight month. The average inflation rate in the first six months is 4.4%, still below the BSP's full-year forecast of 5%.

"This year we will not meet our 2-4% target. Inflationary forces outside the Philippines are just too high. Indeed, even countries with very low inflation in the past are actually experiencing even higher inflation than we are," Mr. Medalla said.

The US Federal Reserve is widely expected to raise policy rates by at least 75 bps at its July 26-27 meeting.

"The US is surely going to raise policy rates by 75 basis points. Like it or not, the US dollar is the safe-haven currency. Too much depreciation of the peso, or overshooting, can actually add to inflation. These are the things we are managing," Mr. Medalla said.

The Philippine peso, which had hit a record low early this month against the US dollar, recovered lost ground on Tuesday.

The local unit closed at P55.30 per dollar on Tuesday, sharply gaining 80 centavos from its P56.10 finish on Monday, based on Bankers Association of the Philippines data.

Mr. Medalla said favorable growth conditions this year suggest that the domestic economy can handle tightening monetary policy.

"However, when you look at it, our monetary policy is still very supportive of economic growth. Indeed, the policy rate, which used to be a record low of 2%, is now just around 3.25%. By large, our estimate is the economy can absorb the increase in policy rate," he added.

The BSP slashed benchmark rates by a cumulative 200 bps to support the pandemic-hit economy in 2020.

The economy expanded by a faster-than-expected 8.3% in the first quarter. The Development Budget Coordination Committee (DBCC) is targeting 6.5-7.5% GDP growth this year.

Mr. Medalla also added that banks are very adequately capitalized and can absorb the rate hikes.

"Going forward, there is so much uncertainty. But we stand ready to make the necessary adjustments so that balancing between maintaining and sustaining growth and ensuring financial stability in one hand and price stability on the other will all be achieved," Mr. Medalla said.

The BSP is scheduled to review its policy on Aug. 18.

The Philippine Statistics Authority (PSA) is scheduled to release July inflation data on Aug. 5, and second-quarter GDP data on Aug. 9.

Meanwhile, in a research note from S&P Global Ratings authored by Asia-Pacific Chief Economist Louis Kuijs, central banks in the Asia-Pacific region may not follow the Fed closely as the region's core inflation is generally lower compared with the US.

"In the Asia-Pacific economies where core inflation pressure is lower than in the US, policy rates may not rise as much and as fast as in the world's largest economy," S&P Global Ratings said.

"Nonetheless, good growth prospects and a comparatively large proportion of equity-based capital flows relative to bond flows should dampen such pressure in several other regional economies. Relatively rapid growth has helped attract foreign capital to the Asia-Pacific region in recent decades."

S&P Global Ratings also said the coronavirus pandemic weakened the region's performance in recent years.

"But we forecast Asia-Pacific GDP expansion of about 4.7% in 2023-2025. The region will keep its status as the world's fastest growing," the credit rater added.